

1 Jeffrey L. Hartman, Esq.
 2 Nevada Bar No. 1607
2 HARTMAN & HARTMAN
 3 510 W. Plumb Lane, Suite B
 4 Reno, NV 89509
 5 T: (775) 324-2800
 6 F: (775) 324-1818
notices@bankruptcyreno.com

7 Michael S. Budwick, Esq. #938777 – Admitted *Pro Hac Vice*
 8 Solomon B. Genet, Esq. #617911 – Admitted *Pro Hac Vice*
 9 Gil Ben-Ezra, Esq. #118089 – Admitted *Pro Hac Vice*
 10 Kevin Paule, Esq. #125276 – Admitted *Pro Hac Vice*
MELAND BUDWICK, P.A.
 11 3200 Southeast Financial Center
 12 200 South Biscayne Boulevard
 13 Miami, Florida 33131
 14 T: (305) 358-6363
 15 F: (305) 358-1221
mbudwick@melandbudwick.com
sgenet@melandbudwick.com
gbenezra@melandbudwick.com
kpaule@melandbudwick.com

16 Attorneys for Christina W. Lovato, Chapter 7 Trustee

17 **UNITED STATES BANKRUPTCY COURT**
DISTRICT OF NEVADA

18 In re
 19 DOUBLE JUMP, INC.
 20 Debtor.

21 Lead Case No.: BK-19-50102-gs
 22 (Chapter 7)

23 Substantively Administered with:

19-50130-gs	DC Solar Solutions, Inc.
19-50131-gs	DC Solar Distribution, Inc.
19-50135-gs	DC Solar Freedom, Inc.

24 Affects:
 DC Solar Solutions, Inc.
 DC Solar Distribution, Inc.
 DC Solar Freedom, Inc.
 Double Jump, Inc.

25 CHRISTINA W. LOVATO,
 26 Plaintiff,
 27 v.
 28 ENENSTEIN PHAM & GLASS, A
 29 PROFESSIONAL CORPORATION,
 30 Defendant.

31 Adversary No.: 21-05040-gs

32 **FIRST AMENDED ADVERSARY**
33 COMPLAINT

34 Christina W. Lovato, in her capacity as the chapter 7 trustee (“*Trustee*” or “*Plaintiff*”) for
 35 the bankruptcy estates of DC Solar Solutions, Inc. (“**DCSS**”), DC Solar Distribution, Inc.
 36 (“**DCSD**”), DC Solar Freedom, Inc. (“**DCSF**”, and with DCSD and DCSS, “**DC Solar**”) and
 37 Double Jump, Inc. (“**DJ**,” and with DC Solar, the “*Debtors*”), files her amended complaint

1 ("Complaint") against Enenstein Pham & Glass, a Professional Corporation ("Enenstein" or
 2 "Defendant") and alleges as follows.

3 **PARTIES**

4 1. The Trustee is the chapter 7 bankruptcy trustee for the Debtors. The Trustee has
 5 the capacity to commence this action by way of, among other things, 11 U.S.C. § 323.

6 2. Defendant Enenstein is a California corporation that offers legal services.
 7 According to its website, Enenstein maintains seven law offices throughout the United States.

8 **JURISDICTION**

9 10 3. The Bankruptcy Court has jurisdiction over this case and this adversary proceeding
 11 under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. §§ 157(b)(2)(A), (H)
 12 and (O). Venue is proper in this Court under 28 U.S.C. §§ 1408 and 1409.

13 4. The Trustee consents to the entry of final orders and judgments by the Bankruptcy
 14 Court.

15 **FACTUAL ALLEGATIONS**

16 I. **DC Solar and the Carpoff Ponzi Scheme**

17 5. DC Solar was incorporated and headquartered in California.

18 6. DC Solar had, at all material times, certain legitimate business operations.

19 7. From no later than on or around calendar year(s) 2010 through 2018, DC Solar was
 20 engaged in a business related to manufacturing, marketing, selling and leasing mobile solar
 21 generators ("MSGs").

22 8. Generally, the business purported to operate as follows. DCSS would manufacture
 23 and sell MSGs for \$150,000 each. The buyers were typically tax-equity funds, 99% owned by a
 24 financial investor seeking investment federal tax credits. The buyers would provide DCSS a
 25 \$45,000 down-payment (30% of the total purchase price) and execute a promissory note for the
 26 remaining balance. The buyers would lease the MSGs to DCSD, which in turn
 27 purported to sub-lease the MSG to an end-user/sub-lessee. The end-user's/sub-lessee's lease
 28 payments were intended to cover the interest payments on the promissory note.

1 9. DCSF's role was in connection with marketing, branding and advertising the MSGs
2 and DC Solar, in connection with the socially-conscious nature of solar energy. DCSF was created
3 in June 2015.

4 10. DC Solar had significant professional, operational and other expenses.

5 11. The financial investor that acquired the majority stake in the buyer sought to take
6 advantage of valuable federal income tax benefits related to the purchase, use and depreciation of
7 the MSGs.

8 12. Over the years, DCSS closed over two dozen transactions, purportedly selling over
9 15,000 MSGs and generating hundreds of millions of dollars of revenue.

10 13. However, certain of DC Solar's insiders, including Jeff Carpoff and Paulette
11 Carpoff (together, the "*Carpoffs*"), were also perpetrating a Ponzi scheme ("***Carpoff Ponzi***
12 ***Scheme***") through DC Solar and other entities.

13 14. The Carpoffs caused DC Solar to transfer monies obtained from new buyers of
14 MSGs to cover obligations owed to earlier buyers. This was contrary to the Carpoffs'
15 representations to the financial investors that sub-lessee revenue would pay those obligations.
16 Moreover, the Carpoffs misrepresented to the financial investors the number of MSGs that DC
17 Solar manufactured, ultimately claiming in 2018 that the figure exceeded 15,000 when it was
18 actually far less. Moreover, although the Carpoffs represented to the financial investors that DC
19 Solar had a series of sub-lessees willing to pay to utilize the MSGs, some sub-leases were real but
20 others were not.

21 15. Further, the Carpoffs looted DC Solar to, among other things, fund their own lavish
22 lifestyle, including through casino gambling, buying a semi-pro baseball team, the use of private
23 jets and the purchase of real and personal property (such as automobiles). And the Carpoffs looted
24 DC Solar to, among other things, pay-off co-conspirators and make payments such as marketing
25 payments (legitimate or illegitimate) to third-parties. This all was intended, in material part, to
26 further the Carpoff Ponzi Scheme and/or create the perception that DC Solar was profitable.

27

28

1 16. Because of (among other things) the harm the Carpoffs inflicted upon DC Solar
 2 through the Carpoffs' wrongdoing, including the liabilities the Carpoffs created for DC Solar, DC
 3 Solar was insolvent on the date of the transfers (defined below).

4 17. Certain of DC Solar's insiders other than the Carpoffs knew of and participated in
 5 the Carpoff Ponzi Scheme.

6 18. However, certain other DC Solar-insiders, including individuals who (1) owned
 7 equity interests, (2) served as officers, (3) served as executives, and (4) held management-level
 8 positions, each at different times and with varying levels of authority over one or more of the
 9 Debtors, were unaware of and did not participate in the Carpoff Ponzi Scheme.

10 **II. The Raid Through the Debtors' Bankruptcy Filing**

11 19. On December 18, 2018, Federal law enforcement raided the business locations of
 12 DCSS, DCSD and certain other affiliates ("Raid").

13 20. After December 18, 2018 and before the Petition Date (defined below), DC Solar
 14 made substantial corporate governance changes, and retained GlassRatner Advisory & Capital
 15 Group LLC and designated Seth R. Freeman as chief restructuring officer.

16 21. Between January 31 and February 5, 2019 ("Petition Date"), the Debtors filed their
 17 voluntary chapter 11 petition. The Debtors' chapter 11 bankruptcy cases were converted to chapter
 18 7 on March 22, 2019 and the Trustee was appointed as the chapter 7 trustee.

19 **III. The Defendant and the Transfers**

20 22. Prior to the Petition Date, DCSS was considering the purchase of certain real
 21 property ("Property"). Defendant Enenstein provided legal counsel to the Carpoffs regarding the
 22 purchase and development of the Property.

23 23. As part of this process, DCSS made two transfers to First American Title Company
 24 ("First American") on October 29, 2018—one transfer in the amount of \$75,000 and another in
 25 the amount of \$25,000.

26 24. Ultimately, DCSS did not complete the purchase of the Property.

27 25. On or about January 11, 2019, William Small, Esq., an attorney at Enenstein, sent
 28 a letter to First American stating that the transaction had been terminated and that "the entire

1 amount of the Buyer's Deposit in the amount of \$75,000 be returned to the Buyer's counsel
2 pursuant to the wire transfer instructions that are attached to this letter." The wire transfer
3 instructions request that the money be transferred to an account for Enenstein.

4 26. On or about February 25, 2019, \$75,000 was transferred from First American to the
5 Defendant (“*Transfer*”).

6 27. The Carpoffs caused DCSS to make the Transfer as a mechanism for the Carpoffs
7 to loot the Debtors, benefit themselves, harm creditors, and further the perception that they and
8 their businesses were successful, all in furtherance of and related to the Carpoff Ponzi Scheme.
9 Thus, the Transfer furthered the Carpoffs' efforts to conceal their wrongdoing while enabling them
10 to benefit and profit from their own scheme.

11 28. Upon information and belief, Defendant knew about DCSS' bankruptcy prior to the
12 time of the Transfer. Moreover, Defendant knew DCSS was entitled to the funds. And yet, upon
13 information and belief, at no time since February 25, 2019 did Defendant disclose to the Trustee
14 its receipt of the Post-Petition Transfer.

15 29. Prior to filing this Adversary Complaint, the Trustee made demand upon the
16 Defendant. The Defendant provided no substantive response. Defendant has offered no
17 justification for its retention of the Transfer or its failure previously to disclose or turnover the
18 funds to the Trustee.

CLAIMS FOR RELIEF

COUNT I
Post-Petition Transfer
11 U.S.C. § 549

22 30. The Trustee re-alleges paragraphs 1 through 29 as though fully stated herein.
23 31. Defendant received the Transfer from the Debtors after the Petition Date.
24 32. The Transfer to Defendant was not authorized by Title 11 or the Court.

COUNT II
Actual Fraudulent Transfer
11 U.S.C. § 548(a)(1)(A)

28 33. The Trustee brings this Count in the alternative to Count I.

 34. The Trustee re-alleges paragraphs 1 through 29 as though fully stated herein.

1 35. DCSS made the Transfer within two years of the Petition Date.
2 36. The Carpoffs caused DCSS to make the Transfer with the actual intent to hinder,
3 delay or defraud its creditors.

4 **COUNT III**
5 **Constructive Fraudulent Transfer**
6 **11 U.S.C. §§ 548(a)(1)(B)**

7 37. The Trustee brings this Count in the alternative to Count I.
8 38. In the alternative, the Trustee re-alleges paragraphs 1 through 29 as though fully
9 stated herein.
10 39. DCSS made the Transfer within two years of the Petition Date.
11 40. By no later than the time of the Transfer, the Carpoffs were perpetrating the Carpoff
12 Ponzi Scheme through DC Solar and other entities. At the time of the Transfer, because of the
13 Carpoff Ponzi Scheme and the claims held by the buyers of MSGs against DCSS, DCSS: (1) was
14 insolvent, as its liabilities exceeded its assets; (2) was engaged (and was continuing to engage) in
15 a business or transaction for which DCSS' property remaining after the Transfer constituted
16 unreasonably small capital; and (3) intended to incur or believed it would incur debts beyond its
17 ability to pay.

18 41. DCSS did not receive reasonably equivalent value in exchange for the Transfer.

19 **COUNT IV**
20 **11 U.S.C. § 550(a)**

21 42. The Trustee re-alleges paragraphs 1 through 29 as though fully stated herein.
22 43. The Trustee is entitled to avoid the Transfer pursuant to 11 U.S.C. § 549 or, in the
23 alternative, pursuant to 11 U.S.C. § 548. *See* Counts I, II, and III above.
24 44. The Defendant is the initial transferee of the Transfer or the entity for whose benefit
25 the Transfer was made. Therefore, once avoided, the Trustee may recover the Transfer from the
26 Defendant.

27 **COUNT V**
28 **Conversion**

45. The Trustee re-alleges paragraphs 1 through 29 as though fully stated herein.

1 46. Plaintiff had the right to turnover and possession of the Transfer.

2 47. Defendant substantially interfered with Plaintiff's property by knowingly or
3 intentionally taking possession of the Transfer or preventing Plaintiff from having access to the
4 Post-Petition Transfer or by refusing to return the Transfer after Plaintiff demanded its return.

5 48. Plaintiff did not consent to Defendant's taking of the Transfer.

6 49. Plaintiff was harmed as a result of Defendant's actions.

7 **COUNT VI**
8 **Turnover**
9 **11 U.S.C. § 542**

10 50. The Trustee re-alleges paragraphs 1 through 28 as though fully stated herein.

11 51. Plaintiff has an interest in the Transfer and such interest is property of the Debtors.

12 52. Defendant is currently in possession of the Transfer to which Plaintiff is entitled.

13 53. Plaintiff has a clear right to the turnover of the Transfer.

14 54. Defendant has refused to turnover the Transfer, and Plaintiff is entitled to
possession under Section 542 of the Bankruptcy Code.

15
16 **WHEREFORE**, the Trustee prays for and demands order and judgment against the
17 Defendant as follows:

18 (1) Count I: Avoiding the Transfer under 11 U.S.C. § 549.

19 (2) Count II: Avoiding the Transfer under 11 U.S.C. § 548(a)(1)(A).

20 (3) Count III: Avoiding the Transfer under 11 U.S.C. § 548(a)(1)(B).

21 (4) Count IV: Entering a Judgment in the amount of the Transfer against Defendant, along
with interest both before and after the commencement of this Action.

22 (5) Count V: Ordering Defendant to return the Transfer, including interest.

23 (6) Count VI: Ordering Defendant to turnover the Transfer.

24 In addition, the Trustee requests from the Court any such other and further relief, equitable
25 or otherwise, that this court deems just and proper including but not limited to an award of
26 attorneys' fees and costs.

27
28 **[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

1

2 DATED: June 30, 2021.

3

HARTMAN & HARTMAN

4

/s/ Jeffrey L. Hartman

5

Jeffrey L. Hartman, Esq., Attorney for Plaintiff
Christina W. Lovato

6

7

MELAND BUDWICK, P.A.

8

/s/ Kevin Paule

9

Michael S. Budwick, Esq., Admitted Pro Hac Vice
Solomon B. Genet, Esq., Admitted Pro Hac Vice
Gil Ben-Ezra, Esq., Admitted Pro Hac Vice
Kevin Paule, Esq., Admitted Pro Hac Vice
Attorneys for Plaintiff Christina W. Lovato

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28